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Self -employment through
profit-sharing

London

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SELF-EMPLOYMENT THROUGH PROFIT-SHARING.

REPORT OF THE PROCEEDINGS

OF A

PUBLIC CONFERENCE

HELD IN THE

ODDFELLOWS' HALL, Edinburgh,

ON THE 25th APRIL 1891,

UNDER THE AUSPICES OF THE

Edinburgh and District Trades Council, and
the Scottish Industrial Association.

4460

LONDON :

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EDINBURGH
 CO-OPERATIVE PRINTING COMPANY LIMITED
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HAND & MACHINE NEEDLES for every
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KNITTING, TOILET, & HAIR PINS, BODKINS.

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A GREAT VARIETY OF

FANCY NEEDLECASES

ALWAYS IN STOCK.

THE HEBDEN BRIDGE FUSTIAN MANUFACTURING CO-OPERATIVE SOCIETY LIMITED.

THIS Society was registered in September 1870. It started by subscriptions of threepence per week among a few Fustian Cutters, who formed themselves into a Society for the manufacture of Fustian. At first they confined their operations to Fustian Cutting, which was done in the evening after their ordinary work was finished, and the wages so earned were credited to their Share Account. The Fustian was afterwards sent to be dyed and finished, and then sold to Co-operative Societies and other traders. In 1871 a place was rented at £13 per annum, in which the Society commenced to make up Fustian into Ready-Made Clothing. This was continued until 1874, when an estate was bought by the Society for £7,000, and a department was added for Dyeing and Finishing Fustians. In 1886 a Weaving Shed was built by the Society, and it buys the Cotton direct from the spinners, and delivers it to its customers ready for wearing.

The Society has now 280 workpeople, all of whom are Shareholders.

The Trade for the first half-year ending December 1870 amounted to £32; the Trade for the last two half-years amount to £21,152 and £18,679 respectively, so that the Society is now doing a Trade of almost £40,000 a year.

The Profits for the first half-year amounted to £3; last half-year the Profits were £1,648; and the Total Profits made by the Society since its formation amount to £35,855.

The Share Capital, which at the end of the first half-year amounted to £83, now (June 1891) amounts to £22,332; of which the Workers hold £5,130, Individual Shareholders have £7,666, and Co-operative Societies £9,536.

The Profits are divided as follows:—Five per cent. is paid to Shares, and the remainder is divided at an equal rate per £ between Co-operative Societies, who are Members of the Society, in proportion to the trade done, and the workers, in proportion to the wages earned. For June 1891 the division of Profit is as follows:—

For Interest on Shares	-	-	£350
For Dividend on Purchases	-	-	496
For Dividend on Labour	-	-	201
Education Fund	-	-	39
Reserve and Insurance Funds	-	-	350
Balance carried forward	-	-	21

£1,648

The Profits of the Workers are credited to their account till they have £20 invested in the Society. This has the effect of giving the workpeople a thorough interest in the Society.

Since the Society was started, £2,700 has been paid as bonus on wages to the workpeople.

The Scottish Industrial Association.

FOR THE PROMOTION OF ALL FORMS OF PRODUCTIVE CO-OPERATION.

EXECUTIVE COMMITTEE.

President—F. F. ROGET, 5 WEMYSS PLACE, EDINBURGH.

Treasurer—W. E. SNELL, 14 MILLERFIELD PLACE, EDINBURGH.

Secretary—THOMAS RITCHIE, 12 EAST MAYFIELD, EDINBURGH.

ROBERT LINDSAY, Chairman, Edinburgh Co-operative Printing Company Limited.

T. C. M'NAB, Scottish Co-operative Wholesale Society Limited.

THOS. BLAIRKIE, Delegate, Edinburgh United Trades Council.

J. W. WARRINGTON, Delegate, Glasgow United Trades Council.

W. WILSON, Stationer, Edinburgh.

BARCLAY TODD, Edinburgh.

The objects of the Society are as follows:—

- (a.) To advocate in Scotland the advantages of profit-sharing, workshop co-operation, industrial partnerships, and in general, of co-operative production based on co-partnership of the workers, by means of—(1) The distribution of literature; (2) The delivery of lectures and addresses; and (3) personal appeals to the organised Societies both of workmen and employers.
- (b.) To offer publicity and encouragement to businesses in which the principle of labour association is acted upon, and to create throughout the country propagandist centres for the purpose of promoting such industrial experiments.

Individuals, Co-operative Societies, Trade Unions, and Trades Councils are eligible as members, provided that they adhere to the above objects, and subscribe annually a sum of one shilling or upwards.* In the general meetings of this Association, a subscribing society may be represented by one delegate.

* Subscriptions may be forwarded to Mr W. E. SNELL, Treasurer, 14 Millerfield Place, Edinburgh.

SELF-EMPLOYMENT THROUGH PROFIT-SHARING.

A PUBLIC CONFERENCE under the joint auspices of the Edinburgh Trades Council and the Scottish Industrial Association, was held in the Oddfellows' Hall, Edinburgh, on 25th April 1891. Among those present were delegates from the Trades Councils of Glasgow, Aberdeen, and Kirkcaldy, from the Edinburgh flint-glass workers, and from several co-operative conference associations. Apologies were received from Mr Joseph Greenwood (Co-operative Fustian Society, Hebden Bridge, Yorksh.), Mr George Thomson (Woodhouse Mills Industrial Partnership, Huddersfield), the Paisley Co-operative Manufacturing Society, and from the Falkirk Trades Council.

Councillor POLLARD, C.A. (Secretary, Edinburgh Chamber of Commerce), occupied the chair, and in opening the proceedings stated that he had taken an earnest interest in the object of the meeting. The Chamber of Commerce had recently been manifesting a thorough and general interest in the task of reconciling labour and capital, and had been engaged in a correspondence with employers and representative men in the hope of getting information which will enable them to frame a report which may help toward the solution of the problem. He commended to the attention of the meeting the Report of the Berlin Labour Conference, the Report of the Lords Committee on Sweating, and also the recent Board of Trade Report on the subject of Profit-sharing. It was a noteworthy fact that where you have the principle of profit-sharing introduced you have a large accession of profit available for division. This arose in five different ways—by reduction of waste, superior workmanship, diminished cost of superintendence, greater stability in staff, and an increase of practical information.

In conclusion, the Chairman referred to the different modes of profit-sharing, which had been attempted—provident insurance funds, shareholding, cash bonus, &c.

Mr F. F. ROGET then delivered an address entitled, "Labour Partnership a Proved Success."

LABOUR PARTNERSHIP.

FROM the moment when an employer of labour grants to his workers a share in the profits which he makes, that employer is said to share with labour the profits of industry. From the moment when an employer of labour, who has introduced profit-sharing in his works, grants to his working men a voice in the management of the business, and adopts some device whereby the capital in the venture is gradually transferred to the men, that employer passes from the class of competitive employers of labour into that of co-operative producers.

Profit-sharing stands as a necessary and natural stage between the competitive system which holds good at present in the industrial world, and the system of co-operative production. It is a method whereby the employer may correct the imperfections of the ordinary way of paying for labour, and do justice to his men.

But trades unions, which can raise funds for industrial purposes, and distributive societies, whose members form a ready market, may enter at once upon the stage of co-operative production, and may carry on industrial works on that principle in their own interest.

What is profit-sharing? It is a free contract, sometimes laid down by writing, and sometimes an informal understanding, whereby an employer in industry, in trade, or in agriculture, whether he be an individual, a company, or a society, gives to his employee, over and above the ordinary wage, a share in the profits *without* any sharing of the *losses*.

Though the employer acts from his own free will when he agrees to give his workers a share in the profits, this is not a gift in the common sense of the word. Profit-sharing is always a matter of contract, whether the contract be fully expressed or not, and a working man who shares in the profits need be no more obliged for this to his employer than when doing piecework by contract.

If we leave aside the Rochdale pioneers, and the slender roots that profit-sharing has in the English co-operative movement, we find that this is an idea of French origin. It received its first application in Paris in 1842, at the hands of Leclaire, the head of a firm of house painters and decorators. Two years later it was introduced in the paper mills of Edmond Laroche-Joubert, at Angoulême. At the same time it was organised by the Orleans Railway Company on the proposal of François Bartholomy, and worked out in the company of General Insurances by Alfred de Courcy. It had already gained a footing in some other insurance companies in 1819 and 1820. At present it is in full operation in eighty of the largest industrial works in France.

The profit-sharing movement, exclusively French at the beginning, soon assumed an international character. It was taken to the United States by Albert Gallatin, Minister of Finance under Jefferson and Madison. Gallatin established profit-sharing in his glass works in 1794, at New Geneva, in Pennsylvania. In England, from 1830 to 1885, we see eighteen firms adopt profit-sharing; from 1886 to the present day forty-six more swell the record. In the United States the period of growth extends from 1872, in Switzerland from 1867, and in Italy the practice in question appears in the people's banks, promoted by Commander Luzzatti.

In Germany, where the line between masters and men is very marked, and the organisation of socialism is very efficient, there have been no new instances of profit-sharing since 1876 on the part of individuals or private companies. But it has been introduced in the mines owned by the State at Saarbrücken. With regard to the other German mines, the miners have petitioned the Emperor of Germany to take them away from the present owners, and hand them over to co-operative associations of working men. That profit-sharing is applicable to the mining industry was proved by an experiment of eight years made by Messrs Driggs in the Whitwood collieries, near Normanton, though profit-sharing was strangled there in the end by opposing forces that had nothing to do with its merits.

The moral and industrial results of profit-sharing have been excellent

almost everywhere. It steadies the workmen so much that such authorities on social questions as Charles Secrétan, in Lausanne, look upon it as the last hope of the masters. Let us add, that it is quite as much the best opportunity of the men.

The advocates of profit-sharing are numerous and enthusiastic. In France a society for the study of profit-sharing was founded in 1878. It won the recognition of the State eleven years later; built a pavilion for its exhibits, publications, and statistics at the Paris International Exhibition in 1889, and presents the highly gratifying spectacle of a society, consisting exclusively of masters and directors of companies, who further by all means in their power the industrial emancipation of working men. It publishes a quarterly magazine.

Among the champions of profit-sharing stand foremost—Alfred de Courcy, in France; Victor Boehmert, in Germany; Sedley Taylor, Edw. Vansittart Neale, G. J. Holyoake, and Bushill, in England; Nicholas Paine Gilman, in the United States, whose book, the latest in the field, describes profit-sharing as fair and just.

Though profit-sharing bears good fruits, and is warmly advocated, it progresses slowly. After half a century, the published record of profit-sharing bears only 250 names, 91 of which are in France, 64 in England, 35 in the United States, and 16 in Switzerland. Fortunately, a great deal more profit-sharing goes on than appears in the statistics of the movement.

Almost all the 250 houses mentioned above were represented at the Universal Exhibition of Paris in 1889. Some of them sent exhibits, and the remainder contributed information on their organisation. An opportunity was offered thus of taking stock of the profit-sharing of the world. It was found that about 120 houses gave to profit-sharing the shape of a binding legal contract between themselves and their men. In the others the master was seen to reserve his liberty, and act at his discretion. But profit-sharing by a contract that is legally binding on the master is the only form suited to our times and circumstances. The very serious difficulty in its way turns on the right of the workers to inspect the loss and profit account of the firm. Out of 173 houses, granting a *fixed* share in the profits, most make it a condition in the contract that the workers shall not claim access to the accounts. The French law of 1889 on profit-sharing, now before the French Senate, empowers expressly working men to renounce their right of inspection, when they think this to their advantage. A practice is growing of entrusting this confidential office to an accountant appointed by both parties. Nothing could be more sensible, for it is clear that the account-books of a firm cannot be thrown open to inspection in a random fashion. Be it as it may, there is not an economic agency more convenient, more handy, or more remunerative, than profit-sharing. Co-operative production, which it leads up to, can alone be compared with it. Yet co-operative production has not been so uniformly successful. It demands that those who practise it should bring to it moral qualities in addition to industrial efficiency. It is above all things *the* system for the working man, but only when the working man is worthy of it. There have been too many cases of societies of co-operative production which were weakly led, badly organised, saddled from the outset with blunders and irretrievable mistakes, possessed of an insufficient and badly paid capital, and deprived only too often of a capable manager by jealousy and cramping regulations. A remarkable feature of rich and flourishing societies, such as the marvellous one at Guise in

France, is the solidity of their industrial and social organisation. They have indeed in view a general improvement in the position of the working classes, and as at Guise, this ideal is substantially realised in Angoulême, in Paris, in Huddersfield, and in St. Louis. The foundation of each of these communities is due to an outstanding leader. Guise is due to Godin, the Angoulême mills to Laroche-Joubert, the Paris house decorating business to Leclaire, the Huddersfield mills to George Thomson, and the St. Louis copper-works to N. O. Nelson. In the three French instances, which are out-and-out the most successful in the world, the works became gradually the property of the men by a scheme of profit-sharing, which enabled them to buy out the original owner. That is one way in which to start co-operative production. It may also go forth from the spontaneous effort of intelligent and industrious labourers, as it has done several times in Paris, or from the initiative of a trade's union, or from the enterprising spirit of distributive societies, having both a market and money.

This is not the kind of paper that we should like to fill with figures. Yet we may well wind up by giving some arithmetical account of the progress made in fifteen years by the Leclaire Society of co-operative production in Paris. Business having more than doubled from 1875 to the end of last year, the society decided to double the capital and the reserve fund. The capital was carried from £16,000 to £32,000, the reserve from £4,000 to £8,000, and more than £9,000 were paid out for the year as a cash bonus to 959 members and workers.

Mr W. E. SNELL read a paper entitled—

Emancipation of Labour through Self-Employment.

WHEN we attempt to frame a mere theory of just or natural profits we do not find much disagreement, however difficult the application of the theory may be in different cases. Profits must consist—*first*, of interest; *secondly*, of remuneration. Some would add insurance against risk, but as risk always makes interest higher, it seems unnecessary to take it into account twice. No one, who approves of usury at all, will object to see business capital receiving three or four times as much interest as money which is regarded as perfectly secure. What the precise rate may be will depend upon special circumstances, but considering the mathematical precision with which all kinds of insurance risks are calculated, we ought to be able to reach an approximately fair average. Wages of superintendence may be more easily arrived at. They are evidently not due to persons who do not superintend, while it is clear that genuine managing ability will always command its market value, which, under competition, tends to be too high rather than too low. Pay your manager or managers just what prudent partners would pay to a competent, trustworthy man, who relieves them of all trouble and anxiety, and pay to the persons thus relieved interest only. The great problem of to-day is this—Supposing the accounts of factories to be framed on this method: (1.) Expenses, exclusive of wages; (2.) Interest sufficient to cover risk; (3.) Salaries attractive to first-rate managers—would the surplus, if divided among the workers, pay them better than wages? If so, then they would do well to change their condition from wage earners to self-employment. And that this course may very well be justified by the results is readily discovered from a simple illustration. If two employers, with £10,000 and £50,000

of capital respectively, are both earning a return of 10 per cent., it implies that because one has five times more capital than the other he should receive not merely five times as much interest, but five times as much remuneration for his ability as manager. This obvious absurdity can only be explained by the existence of an element of monopoly, and therefore we conclude that there may be a considerable margin between actual and necessary wages of superintendence.

In initiating a discussion of this vast project, one is exposed to various criticisms of great practical moment. We are told that it is a visionary and utopian undertaking, which shows small sign of realisation even after having been ostentatiously advocated for many years; that nothing but forcible political measures will ever confer substantial benefits on the industrial classes; that military discipline and keen competition among employers are essential to manufacturing efficiency; that industry must be conducted more and more on a vast scale, and with enormous capital; that the various ranks of the different classes of workers in a co-operative factory could never be amicably adjusted; that the rank and file would never consent to pay an adequate salary to a highly talented manager or specialist; &c. Now it may be freely admitted that these objections have so much force as to prove that no immediate transformation of our industrial world is to be looked for, that if the instruments of production were to be forcibly taken out of private hands (say within the next fifty years), the result could only be disastrous. The advocates of co-operative production know that they can never witness the triumph of their principles, that they are really working for posterity. But they have the satisfaction of knowing that whatever they do now accomplish, however meagre, is on right lines, because based on the enlightenment and elevation of those who take part in it.

The man who lives entirely by his labour must be more or less dependent; and if by combination he can partially emancipate himself, and accumulate a reserve fund which enables him to assert his just claims, we are at once confronted with the question, whether he might not also raise a fund for self-employment.

We must not imagine that we can safely ignore the competitive theory. If a self-employment association is to acquire a footing, it must be by a display of real merit. If, on the other hand, the skilled employer or organiser is, as some persons allege, indispensable, he will assuredly hold his ground. The struggle may indeed seem scarcely fair, for the maxim that "possession is nine points of the law" applies nowhere more strongly than in matters affecting trade connection and reputation. The workers, on their side, have the advantage of (1) A fruitful principle, *i.e.*, the principle of association and mutual help; (2) The democratic spirit of the times; and (3) The prevailing and growing consciousness in the mind of the community that industrial conditions are in an unhealthy state. If, then, the revolutionary plan of self-employment appear to be beyond our reach, we may apply the simpler device of profit-sharing, both as an immediate palliative of the strife, and as a possible stepping-stone to higher things.

The community is thoroughly alive to the need for improving the condition of the masses—for enabling them to realise that life is indeed worth living. This cannot be done by any artificial plan external to the individual. Men must be the agents of their own happiness and prosperity. Socialism must be in the hearts of a regenerated and socialised people. Their social instincts must no longer be stunted, their moral and

intellectual capacities no longer wasted. These can be utilised only by association for serious and important ends, and in the first instance, for the all-important purpose of securing the means of livelihood. With reasonable security against want and privation, the mind would be set free for higher pursuits; and an improved standard of living would be found inseparable from a higher development of taste, of intellect, and of morality.

Mr JOHN WILSON (Miners' Agent, Broxburn) read a paper on—
Co-operative Production from the Trades Union Standpoint.

THE term "Co-operative Production," as here used, means a free deliberate mutual combination of workers, using their own capital, electing their own managers, conducting their own industry on democratic principles, with a fair division of results. A series of questions naturally arises in the discussion of this subject. *Firstly*, Is such a combination practicable for the industrial world? There are two ways of answering this question, viz., firstly, by stating what has already been done by some men in some places, as amounting to a moral certainty, natural conditions being equal, that the same thing can be done by all men everywhere. Regarding what has been done, time does not admit of a statement of results. The other method of answering this question is by an examination of the nature of the case. Does it require more energy and skill than men are called upon to use at present? No. Energy and skill are not asked to do more difficult work in method, quality, or quantity. Men will have to do what they are doing at present, with this difference, that they are to do it for themselves. Is it depending on higher mental powers than men have had to exercise in other branches of human affairs? No. Men have shown themselves able to struggle for, achieve, and use religious and political rights. The king, like the capitalist, believed that men existed for his convenience, that the ninety-nine were made that one might lord it over them. A point was reached when men said, We will have this no longer. The power we create shall be used by and for ourselves. The reformation of the industrial world on the lines indicated demand that men shall apply the same principles and powers to the industrial department of life that they have applied so successfully to others. *Thirdly*, reasoning from the nature of the case, there is another argument of the first importance. Men are naturally adapted for change. The history of civilisation is a history of changes. Show men a change that will increase their pleasure and treasure, and that change will become universal when it is a proved reality. When people understand co-operative production, its ultimate realisation is but a question of time. In discussing co-operative production from a trades union standpoint, we require to ascertain the following things:—1st, Will it secure better wages or a fairer distribution of wealth than the present system. To that question there can be but one answer, viz., that it will secure the fairest possible distribution of wealth, and will destroy the great fortunes being made by individual men from the labour of others. Under the present system workmen only secure a part of what they produce after a hard battle, whereas, under co-operative production, they will secure the entire results of their labour. 2nd, Will better workmanship be

secured than under the present system? Yes; this follows from the nature of the case. Under the present system an intelligent workman knows that any increased value he may give his labour goes sooner or later to increase the riches of the rich; but he knows that where results are fairly divided among those who make them, an increase of value is a benefit to all. A man is loth to stop when he knows another will reap, not so when he is convinced the full reward of his labour is ensured to himself. 3rdly, Will it produce shorter hours? Yes, this is certain, for three reasons. At the present time a workman does not consult his interest who works hard to finish his work in six, seven, or eight hours. Why? Because his employers don't think this a long enough time for a man to work, while they rejoice at the utmost amount of work in this limited time—they reason that by an extension of time more work could be done for a day's pay. A day's pay is largely fixed by the number of men competing for work at the lowest sum on which they will consent to live, thus in the long run an increased day's work is only gain for the present employers. But under the proposed system every man would have the strongest inducement to plan the economy of time, and finish his task as speedily as possible, knowing that the day's work is limited by the free choice of the workers themselves. Again, men will not require to work as hard to earn the same wages as at present. The great fortunes taken out of industry can be partly utilised in shortening hours. Men can shorten their hours by throwing off the amount of work necessary to make these fortunes. Men would have latitude without loss in shortening hours, from the saving effected by the reduction of waste material, and lessened cost of superintendence, where it was every worker's interest to do his work well and speedily, and to destroy as little as possible. At present men are convinced of two facts, viz., that they are paid the lowest wages, and that low cost of production means high profits to the employers. Did men know that in destroying material they are emptying their pockets, we may be sure economy would be the order of the day, and a man who works for himself needs to pay no man for watching him do enough. 4th, Would there be fewer accidents than under the present system? Yes, a multitude less. Under the present system an employer sells his liability to an Insurance Company; in either case, where this is or is not done, they manage often to escape by proving contributory negligence, working in face of a seen danger, the fault of a fellow-workman, or the responsibility of a worthless contractor. These ways of escape breed great laxity on the employers' part. A workman is often compelled by circumstances to work in face of seen dangers, and if he complains very much about defective plant he runs a good chance of dismissal. If he agitates the matter, and brings about a general cessation of work, his worthy consideration will starve his family. Such men are not wanted at present. Machinery, and men like machinery, are preferred. Under co-operative production every man would be interested in detecting flaws, which would be remedied without delay; so that accidents would be few, and accidents indeed, instead of being the result of neglect and greed. 5th, Would there be better provision for the injured? Yes, undoubtedly. At present employers are keen to establish a fund into which the workmen will pay an equal collective contribution with themselves, to be drawn upon only in those cases where the injured seek no compensation at law. The employer knows what the workmen also know, that a bird in the hand is worth two in the bush; a small certainty is often preferable to a great uncertainty. Hence the injured often prefer

assistance from the fund to the uncertainties of law. Such agreements pay for the employers' neglect and encourage him in it. Whereas under co-operative production, where men were securing all they obtain at present, combined with the great fortunes amassed by individual capitalists, and the greater proportionate wealth they would produce as already mentioned, these enormous advantages in conjunction with few accidents would enable them to mete out royal treatment to any of their unfortunate neighbours or dependants. 6th, Would co-operative production produce better men and industrial freedom? Regarding the former there can be no doubt it would be a greater stimulus to honesty and make dishonesty more difficult. At present many men are inclined to excuse questionable practices, considering it of secondary importance to take a little from a man who is building up a fortune from the labour of others, and is not too particular himself in the use of sharp practices, besides which they often adopt makeshifts to slide easily through their work. No such motives would exist under co-operative production. A man that is a member of a commonwealth would have the strongest interest in being honest and exposing dishonesty in others. Dishonesty would be watched and exposed so thoroughly as to be of rare occurrence. It would produce industrial freedom. There could be no slave-driver to encourage the sneak and tale-bearing workman. Every man would be encouraged to think and speak his convictions. Blacklegmonsters and their dupes would have no occupation. Persecution for the advocacy of labour would be a thing of the past. Strikes and hatreds would be as the morning clouds and the early dew under this system.

Trades Unionism has been the chief benefactor of the working classes in securing better wages and conditions of labour. It has been their educator in the principles that should govern labour. It has held aloft the truth that workmen have rights and feelings to be respected, and are not simply slaves in Egypt. But its work is only half done. It found workmen in the cradle and brought them on to boyhood. It must make them men. The manhood of Industry is Co-operative Production. This is the permanent natural system of Industry. It gives all men freedom and every man wealth in proportion to his skill and labour. It permits no man to live in idleness and revel luxuriously in a golden palace by taxing others for the liberty of living and working. Trades Unionism in itself is but a stepping-stone to this end—the journeying in the wilderness training men to conquer and enjoy the milk and honey of this promised land. The difficulties in the way of this reform are not trifling. The majority of men will not think, have not eyes to behold the good. Temporary sacrifice for permanent benefit is not their creed. The pleasure and benefits of a lifetime are sacrificed to the convenience of the present moment. Then a number of men are governed by prejudice and jealousy. If not allowed to drive they will upset the coach. All great causes have to contend against these difficulties. Providence has decreed in the nature of things that what is to be strong and permanent is slow of growth. Industrial patriots must hold on their way, educating, organising and agitating, until their principles are generally understood; advocating individual thrift for the ability to individually assist in this enterprise; seeking to influence trades unions and co-operative societies to spend as much of their funds as possible in its extension. When the time comes, as come it must, with such forces at work, the workers shall be abundantly repaid in having full value for their labour, in seeing idleness and want with their consequent miseries banished from the world.

Mr JOHN MALLINSON (President, Edinburgh Trades Council) read a paper entitled—

Can our existing Trades Unions be utilised to promote Co-operative Production?

BEFORE trying to answer this question it will perhaps be better to endeavour to have clear ideas as to the kind of co-operative production trade unions ought to promote, as there seems to be a tendency to confound profit-sharing or the granting of a bonus on wages with co-operative production.

Some of the profit-sharing schemes before the public at present can only be regarded by trade unionists with much distrust, because they are manifestly intended, not primarily to benefit the worker, but to weaken the hands of trade unionists by lessening the probability of strikes being successful. As an example of such schemes, take that of the Metropolitan Gas Company, the acceptance of which by the workers simply means that future action on their part to raise their wages, or improve their conditions of employment, will be next to impossible.

Even in the better forms of profit-sharing, such as those practised by a number of co-operative societies, and by some private firms—where there is a real desire to benefit the worker—there are objectionable features. Provident schemes and deferred payments are often made conditions of receiving a bonus on wages, and the worker is somehow made to feel that his share of the profits is more or less a gift. He is also treated as though he were unable either to take care of himself or his earnings. Such treatment may end in making him more contented and more easily managed, but it will not make him more independent and self-reliant.

Further, the profit shared is in many cases extra profit, and it is only part of this extra profit that goes to the worker, who, to earn it, has, in all probability, a greater strain put upon him during working hours. Besides, as the employer gets his share of the extra profits, this form of profit-sharing does not really effect a more equitable distribution of wealth, nor does it tend to bring the worker any nearer to the position of being his own employer.

The only form of co-operative production that can be considered acceptable is that in which the workers have a real partnership in the industry in which they are engaged, with a share in the management. This would not only prevent the waste so often charged against the workman, and spur him on to more energetic work, but it would also tend to develop character and to bring powers into play that were formerly unused. The responsibility placed upon him, and the necessity for looking ahead, would in themselves be a training in self-restraint, while a mere increase of wages without a corresponding improvement in character may well be considered a doubtful good.

That existing trade unions are in a favourable position to assist the transition from wage earning to co-operative production such as has been indicated must be admitted. They represent bodies of workmen of practical experience and skill in their respective industries, they have leaders of proved business capacity, and they have considerable sums of money at their disposal. If all these advantages were turned to account in aiding the co-operative movement, more profitable results would be produced than at present. This could be done by trade unions starting

co-operative production in their respective industries. This might not perhaps be so easy in trades where expensive machinery is required, which would necessitate a large amount of capital, but still there are a large number of trades in which experiments in co-operative production might be tried with comparatively little capital; for example, tailors, shoemakers, cabinetmakers, bakers, cabdrivers, &c. &c.

The method to be adopted would depend largely on the nature of the trade and the capital at its disposal, but as an example of how it might be done, a proposal was made about three years ago to start co-operative production in the shoemaking trade in Edinburgh. The members of the union numbered 250, and the funds of the union were £500. The capital of the proposed association was to be £3,000 in shares of £3 each, one-third of which would be called up, the remaining two-thirds to be left as a reserve liability. The fund of £500 allowed of two shares being allocated to each member of the union, involving a liability of £2 on each share. It was calculated that a number of members of the union, besides the shares allocated to them, would amongst them take up 100 of the remaining shares, leaving 400 shares which were expected to be taken up by other trade unions, co-operative societies, or the general public. In this way an absolute voting majority in the control of the association was secured to the workers, and to prevent any attempt to capture the concern on the part of competitors it was deemed advisable to make the shares issued to those outside the union non-transferable, and realisable only at the offices of the association. In the event of some of the members declining to accept the reserve liability, alternative schemes requiring less capital were proposed.

It is a matter of regret that, while the scheme received sufficient support to warrant the hope of its being accepted at some future time, it had to be abandoned.

There were several causes for its rejection —

- (1.) There was the fear of risking the money.
- (2.) There was a prejudice against the principle of co-operation.
- (3.) There was some jealousy as to who was to lead the movement.
- (4.) There was a fear of a retaliatory movement on the part of employers.
- (5.) There was a doubt of receiving public support.
- (6.) There was a fear that, in the event of all the funds being embarked in a co-operative concern, the society would be unable to meet its liabilities in regard to sick and funeral benefit.

In answer to the first and the last objections it may be said that the funds had already more than once been exhausted in conflicts with employers, and that the current contributions had always been sufficient to meet the sick and funeral liabilities. So far as the fear of a retaliatory movement on the part of employers is concerned, a co-operative society would be the best guarantee against such a contingency, and instead of damaging the society would more than likely contribute to its success.

As regards public support, it is a reasonable assumption that if the society could supply good boots cheaper than private firms it would receive public support, and there was no doubt that the society would be able to fulfil that condition.

Even though trades unions did not, as societies, embark in co-operative production, they might still promote the movement by investing a portion of their funds in existing societies, and by thus securing a voting power, would probably exercise a wholesome influence on such societies, and

prevent them from degenerating—as some *have* done—into mere joint-stock companies. Trade unions might also promote co-operation by encouraging any of their members who might wish to start co-operative workshops on a small scale by granting them a loan from their funds.

It has been said that periods of prosperity are the workman's opportunity, as those of depression are the employer's. And if, in a period of depression, employers make a movement to reduce wages, such co-operative societies as have been described would be the best bulwark against such attempts being successful; because if an employer, by locking out his men, denied himself the privilege of supplying the public, such societies would be ready to fill his place.

It has been said again and again—amongst others, by Lord Huntly, in his address to the Aberdeen students a few weeks ago—that co-operative production has somehow not succeeded with us, a remark which takes for granted that it will not succeed, at least on such a scale as to solve the labour problem, which is rather a premature assumption. It does not seem to strike such objectors that co-operative production has not succeeded to any great extent because the nature of the average employer and workman is not yet suited to it, that it requires more intelligence, more self-reliance, and more mutual trust, to make co-operative production a success than is required for trade unionism. That progress is being made, however, is evidenced by the success of some industrial partnerships, and by the feeling aroused in the upper classes that injustice is being done to the worker, which is manifested by the interest they take in industrial problems and the sympathy which they give to attempts on the part of workers to better their position.

Discussion.

Rev. DAVID ROBB (Leith) said that his sympathies were quite in the direction of working men combining for the improvement of their condition. He thought there was room for profit-sharing as well as for co-operative production. The good may sometimes succeed where there is not preparation enough for the better. The great recommendation of profit-sharing was that it was not a revolution, but an evolution, of the wage system. Its significance consisted in the discovery of a valuable waste-product in the workman's life. He hoped that many firms in the city would give their workmen the opportunity for a system which leads to such a development of character.

Mr D. BLACKBURN (Edinburgh Flint Glass Workers) thought this principle was so good that it ought to win the favour of every working man. If, however, it were proposed to risk the whole funds of a trade union, the members would be frightened. In his own trade two experiments had been made, but had to be abandoned after considerable loss.

Mr ALEX. ELDER, Leith (National Union of Dock Labourers), said they had ousted the middleman at Burntisland and Bonness, but in such a port as Leith he feared co-operation would be very difficult. In a time of dispute the middleman would scour the slums of the large towns so as to be able to push aside respectable ratepaying labourers.

Mr W. WILSON (Industrial Association) argued that trade union funds at present invested in stocks or in banks might be risked in different companies. If their money were put into shares, workmen might be sent

to the shareholders' meetings as delegates, or they might even put in a director.

Mr J. W. WARRINGTON (Glasgow Trades Council) referred to a statement that although large profits might be assigned to the workers, the employer need not profess to be generous, since he more than gets back what he pays. Is it simply in a feeling of satisfaction or is it in hard cash that it comes back? He thought there was not importance enough ascribed to the competitive forces against which we must contend.

Mr W. B. FLOCKHART (Kenfrewshire Co-operative Conference) thought that what we need is a federation of co-operators and trade unionists. Suppose a large engineering shop working a night shift. If there were profit-sharing, the man going off would help the man coming on. The worker's brain power does not at present benefit himself, but if they could establish works up and down the country they could make a success.

Mr A. SNAW (Edinburgh Bootmakers) said that within thirty-five years his trade had spent £3,000 on strikes in Edinburgh, and perhaps more in keeping up their armoury. Co-operative production might check the tendency to centralisation, which is not a good thing. The shopkeeper tries to persuade people to buy ready-mades rather than to measure, because he has less trouble. There is no thought for the good of the trade.

Mr J. D. CHRISTIE complained of the wide differences there would be in the shares of profit if divided according to the market value of different grades of labour. They should not say the easier the work the higher the pay, and the harder the work the lower the pay. He thought it was absurd to try to utilise trade union funds, which are needed for an emergency.

Mr A. PURDIE (Edinburgh Bookbinders) called on co-operators to take the lead in the eight hours' movement. In co-operative production the best man could be chosen to be at the head of the concern. But as long as they produced for profit, instead of for consumption only, they must have competition.

Mr JOHN WILSON (Broxburn) said that under profit-sharing employers would require some principle as to the reduction of wages with a lowered market. They would still have the same motive to do injustice in the matter of accidents, and there would be still the same fight as to wages. He thought that French and German workmen were not equal to ours, even with the advantage of profit-sharing.

Mr F. F. ROGET, in replying, invited the meeting to attend specially to co-operative production rather than to profit-sharing. Leclaire's establishment led the way in Paris in the matter of shorter hours, the workers making the rules for themselves.

Mr THOS. THOMSON held that profit-sharing was a waste of time. The state of the landed masses was due to profit-sharing. The only remedy was to abolish profits, rent, and interest.

Mr SMALL (Edinburgh Corkcutters) said that co-operation had been tried in his trade, both in Edinburgh and in Glasgow, but every one wanted to be master. When a single individual bought the business, it began to pay, and it flourishes to this day.

Mr G. D. TAYLOR argued that profit-sharing would tend to reduce the misery arising from improvidence.

Mr SNELL said that the one great advantage of co-operative schemes was that they began by taking the facts as they are, and trying gradually to improve the conditions. If they found themselves unable to take an easy

step, it was useless to advocate anything very sweeping and very difficult. Profit-sharing was valuable mainly in its educative effect; it was nothing final, but only a transition to something better.

Mr THOS. BLAICKIE (Edinburgh Trades Council) held that profit-sharing, by increasing purchasing power, would stimulate employment. He moved that the Conference recognise the advantages derivable from the method of profit-sharing or labour partnership, and earnestly commends it to the attention of the industrial community as a feasible mode of promoting harmonious relations.

Mr WM. LIVINGSTON (Aberdeen Trades Council), in seconding the motion, complained that children are now leaving school at the age of ten or eleven, and consequently lose most of what they have learned. He hoped the standard would be raised to the sixth, and also that something would be done for technical education.

Mr J. M'KENZIE (Edinburgh Trades Council) moved that the Conference further invites trades unionists and the working classes generally to consider the possibility of improving their condition by associating themselves together for self-employment.

Mr J. W. WARRINGTON (Glasgow Trades Council) seconded the motion, and both resolutions were unanimously adopted.

The meeting terminated with a vote of thanks to the chairman and the essayists.

KEIGHLEY IRONWORKS SOCIETY,

GOULBOURN STREET, KEIGHLEY.

MANUFACTURERS OF WASHING AND WRINGING MACHINES, UMBRELLA STANDS, AND OTHER GOODS FOR HOUSEHOLD USE.

THIS Society was formed nearly six years ago. It is a strictly Co-operative Society founded on Profit-Sharing principles.

Interest on Share Capital for the current half-year up to Five per cent. per annum has a first claim on the Profits made. Whatever remains after paying this interest is divided between the Shareholder, the Customer, and the Worker in equal rates per £ on their several amounts.

The last two half-years a dividend of Sixpence in the £ has been declared in addition to the Five per cent. interest paid on Shares.

So far as the Worker is concerned, the first object of the rule is to make him into a Member, and his bonus is capitalised until his holding in Shares reaches £5. The dividend, therefore, makes all our Workers into Members, and gives them voice and vote in our general meetings. The results all round are fairly satisfactory—Trade increasing, Shareholders satisfied, and Workmen contented.

The Society's Plant is capable of doing a larger Trade than it has hitherto received, considerable additions having lately been made. The Directors hope that the Societies will remember the character and aims of this Society, and help to supply the larger Trade which the Society is capable of doing.

For the Society,

B. AMBLER, *Secretary*.



The Edinburgh

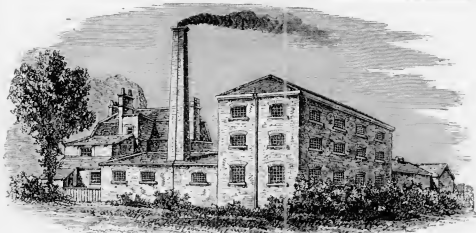
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THE Report of this Society for the Half-Year ending 30th June 1891 showed an increase of £1,203 over the trade of the corresponding half of 1890. The balance on the trade account, in addition to providing the usual interest on shares, allowed a substantial dividend both to customers and employes.

The history of the Society is one of steady and uninterrupted progress.

First Year's Sales (1877) amounted to £1,000.

Third " " (1879) " 2,378.

Eighth " " (1884) " 6,629.

Twelfth " " (1888) " 12,502.

Half-Year to 30th June 1891 " 8,638.

The Capital, Share and Loan, is held by eighty-eight Co-operative Societies and 147 individuals, over two-thirds being in the hands of the Societies.

Within the last six years nearly £5,000 has been expended on Machinery of the very best class that could be obtained. The premises belonging to the Society were acquired at a cost of £4,500, and afford sufficient accommodation for a trade of £60,000 a year. Meantime, however, a considerable amount of space is sublet to tenants.

The attention of Committees and Buyers is confidently invited to the excellent value offered by the Society in all kinds of Hosiery, Scotch Wool Shirts, Pants and Drawers, Boys' Suits (Rib and Plain), Cardigan Jackets, &c.

During the present year (1891), by keeping a large stock of goods on hand, the Society has been enabled to execute *immediately* more than 90 per cent. of all orders received.

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MANUFACTURING SOCIETY
LIMITED,
ETTRICK MILLS,
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THIS Society has been established for the production, on true Co-operative principles, of all kinds of TWEED CLOTH, RUGS, MAUDS, SHAWLS, &c.

Although its operations began only in June 1890, a considerable degree of success has been obtained, a return of Five per Cent. on Share Capital having been earned from the first.

Among the shareholders are forty-eight Co-operative Societies, and twenty-five of the workers employed in the Mills. In accordance with the principle of Profit-sharing embodied in the Rules, all the workers will become Members through the accumulation of their shares of the surplus profits.

Almost all the Co-operative Societies in England and Scotland having Tailoring Departments are making use of the Society's products, to the satisfaction of their Members; and all those who are interested in Co-operative Production, are invited to apply to the Secretary for a Selection of Patterns, and to give a fair trial to the

CO-OPERATIVE
SELKIRK TWEEDS.

30-79

**END OF
TITLE**